
AGRESERVES LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2003**



AGRESERVES LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| DIRECTORS | J W Creer K F Keeler (resigned 01/07/04) C R Jolliffe A K Broadway C O Jones R L Cowan (appointed 01/07/04) |
| SECRETARY | C O Jones and P J Wheeler |
| COMPANY NUMBER | 2947030 |
| REGISTERED OFFICE | Manor Farm Woodwalton Huntingdon Cambridgeshire PE17 5YU |
| AUDITORS | Martin & Acock Chartered Accountants & Registered Auditors 2 The Close Norwich Norfolk NR1 4DJ |

AGRESERVES LIMITED

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AGRESERVES LIMITED

DIRECTORS' REPORT **For the year ended 31 December 2003**

The directors present their report and the financial statements for the year ended 31 December 2003.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity continues to be that of arable and livestock farming.

The company continued to operate a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology whilst ensuring the appearance and upkeep of the farm land and buildings which are maintained to a high standard.

The directors are committed to maintaining the positive trends in crop performance, whilst striving to improve economic rewards gained from the continued operating success, and are confident that previous levels of profitability can be attained.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £22,547 (2002 - £14,439) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

| | Ordinary shares of £1 each | |
|--------------------------------|---------------------------------------|---------------|
| | <u>31/12/03</u> | <u>1/1/03</u> |
| J W Creer | - | - |
| K F Keeler (resigned 01/07/04) | - | - |
| C R Jolliffe | - | - |
| A K Broadway | - | - |
| C O Jones | - | - |
| R L Cowan (appointed 01/07/04) | - | - |

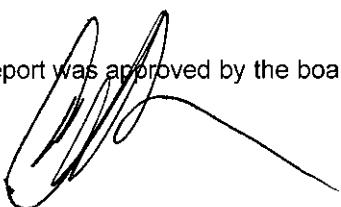
AGRESERVES LIMITED

DIRECTORS' REPORT
For the year ended 31 December 2003

AUDITORS

The auditors, Martin & Acock, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on *27 October 2004* and signed on its behalf.



Director

AGRESERVES LIMITED

INDEPENDENT AUDITORS' REPORT TO AGRESERVES LIMITED Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of AgReserves Limited for the year ended 31 December 2003 set out on pages 4 to 16, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with those provisions.

Martin and Acock

Martin & Acock
Chartered Accountants
Registered Auditors

2 The Close
Norwich
Norfolk
NR1 4DJ

27 October 2004

AGRESERVES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

| | Note | 2003 £ | 2002 £ |
|--|------|------------------|------------------|
| GROSS PROFIT | | 1,284,609 | 1,112,300 |
| Selling and distribution costs | | (757,249) | (817,251) |
| Administrative expenses | | (225,307) | (229,575) |
| OPERATING PROFIT | 2 | 302,053 | 65,474 |
| Charitable donations | | (312,494) | (84,776) |
| Interest receivable | | 32,988 | 19,302 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 22,547 | - |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 5 | - | 14,439 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | £ 22,547 | £ 14,439 |

All amounts relate to continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

AGRESERVES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2003

| | 2003 | 2002 |
|--|-----------------|-----------------|
| | £ | £ |
| PROFIT FOR THE FINANCIAL YEAR | 22,547 | 14,439 |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR | £ 22,547 | £ 14,439 |

The notes on pages 9 to 16 form part of these financial statements.

AGRESERVES LIMITED

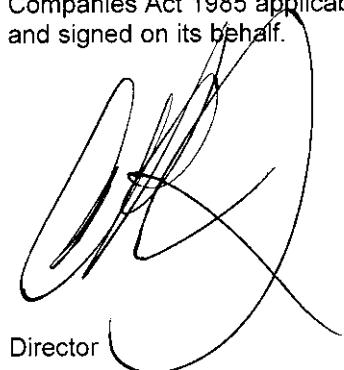
ABBREVIATED BALANCE SHEET
As at 31 December 2003

| | Note | 2003 £ | 2002 £ |
|---|------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 6 | 907,190 | 920,240 |
| Investments | 7 | 6,928,674 | 6,928,674 |
| | | <hr/> | <hr/> |
| | | 7,835,864 | 7,848,914 |
| CURRENT ASSETS | | | |
| Stocks | 8 | 1,468,402 | 1,463,687 |
| Debtors | 9 | 2,711,979 | 2,757,129 |
| Cash in hand | | 546 | 848 |
| | | <hr/> | <hr/> |
| | | 4,180,927 | 4,221,664 |
| CREDITORS: amounts falling due within one year | 10 | (2,786,720) | (2,863,054) |
| NET CURRENT ASSETS | | <hr/> <hr/> 1,394,207 | <hr/> <hr/> 1,358,610 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <hr/> <hr/> £ 9,230,071 | <hr/> <hr/> £ 9,207,524 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 4,100,000 | 4,100,000 |
| Capital redemption reserve | | 5,350,000 | 5,350,000 |
| Profit and loss account | 12 | (219,929) | (242,476) |
| | | <hr/> | <hr/> |
| SHAREHOLDERS' FUNDS - All Equity | 13 | <hr/> <hr/> £ 9,230,071 | <hr/> <hr/> £ 9,207,524 |

AGRESERVES LIMITED

ABBREVIATED BALANCE SHEET
As at 31 December 2003

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on *27 October 2004* and signed on its behalf.



A handwritten signature in black ink, appearing to read 'M. J. Smith' or a similar name, is written over a large, stylized, open parenthesis-like mark.

Director

The notes on pages 9 to 16 form part of these financial statements.

AGRESERVES LIMITED

ABBREVIATED CASH FLOW STATEMENT
For the year ended 31 December 2003

| | Note | 2003 £ | 2002 £ |
|---|------|-----------------|--------------------|
| Net cash flow from operating activities | 14 | 482,165 | (2,924,486) |
| Returns on investments and servicing of finance | 15 | 32,988 | 19,302 |
| Capital expenditure and financial investment | 15 | (188,556) | (33,185) |
| Deed of covenant payable | | (312,494) | (84,776) |
| CASH INFLOW/(OUTFLOW) BEFORE FINANCING | | 14,103 | (3,023,145) |
| Financing | 15 | - | 3,100,000 |
| INCREASE IN CASH IN THE YEAR | | £ 14,103 | £ 76,855 |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 16)
For the year ended 31 December 2003

| | 2003 £ | 2002 £ |
|---|--------------------|--------------------|
| Increase in cash in the year | 14,103 | 76,855 |
| MOVEMENT IN NET DEBT IN THE YEAR | 14,103 | 76,855 |
| Net debt at 1 January 2003 | (115,389) | (192,244) |
| NET DEBT AT 31 DECEMBER 2003 | £ (101,286) | £ (115,389) |

The notes on pages 9 to 16 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---|---|----------------------------------|
| Farm building improvements and drainage | - | Straight Line over 5 to 20 years |
| Plant and equipment | - | Straight Line over 5 to 10 years |
| Motor vehicles | - | Straight Line over 3 to 10 years |
| Fixtures, fittings, tools and equipment | - | straight line |

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 2001.

1.7 Area aid income

Area aid income is recognised in the profit and loss account when the underlying crops are sold. Set aside income is recognised on a receipts basis.

AGRESERVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

2. OPERATING PROFIT

The operating profit is stated after charging:

| | 2003 £ | 2002 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 223,431 | 243,987 |
| Auditors' remuneration | 7,567 | 6,700 |
| Operating lease rentals: | | |
| - plant and machinery | 874 | 1,449 |
| - other operating leases | 300,591 | 301,227 |

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

| | 2003 £ | 2002 £ |
|---------------------|------------------------|------------------------|
| Wages and salaries | 426,710 | 436,439 |
| Other pension costs | 30,862 | 39,775 |
| | <hr/> £ 457,572 | <hr/> £ 476,214 |

The average monthly number of employees, including directors, during the year was as follows:

| | 2003 | 2002 |
|-----------------------|-----------------|-----------------|
| Farming | 10 | 10 |
| Office and management | 9 | 9 |
| | <hr/> 19 | <hr/> 19 |

4. DIRECTORS' REMUNERATION

| | 2003 £ | 2002 £ |
|---|---------------------|---------------------|
| Emoluments | <hr/> 75,924 | <hr/> 63,327 |
| Company pension contributions to money purchase pension schemes | <hr/> 8,039 | <hr/> 8,372 |

During the year retirement benefits were accruing to 1 director (2002 - 1) in respect of money purchase pension schemes.

AGRESERVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

5. TAXATION

| | 2003 | 2002 |
|--|----------|----------|
| | £ | £ |
| Deferred tax | | |
| Origination and reversal of timing differences | - | (14,439) |
| Tax on profit on ordinary activities | £ | £ |
| | - | (14,439) |

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | 2003 | 2002 |
|---|---------------|------------|
| | £ | £ |
| Profit on ordinary activities before tax | <u>22,547</u> | <u>-</u> |
| Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2002 - 30) | - | - |
| Effects of: | | |
| Current tax charge for year (see note above) | <u>£ -</u> | <u>£ -</u> |

There were no factors that may affect future tax charges.

6. TANGIBLE FIXED ASSETS

| | Buildings | Plant and machinery | Motor vehicles | Total |
|-----------------------|------------------|----------------------------|-----------------------|------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 January 2003 | 56,690 | 1,637,547 | 111,940 | 1,806,177 |
| Additions | - | 334,056 | - | 334,056 |
| Disposals | - | (213,665) | - | (213,665) |
| At 31 December 2003 | <u>56,690</u> | <u>1,757,938</u> | <u>111,940</u> | <u>1,926,568</u> |
| Depreciation | | | | |
| At 1 January 2003 | 27,776 | 762,941 | 95,220 | 885,937 |
| Charge for the year | - | 211,155 | 12,276 | 223,431 |
| On disposals | - | (89,990) | - | (89,990) |
| At 31 December 2003 | <u>27,776</u> | <u>884,106</u> | <u>107,496</u> | <u>1,019,378</u> |
| Net book value | | | | |
| At 31 December 2003 | <u>£ 28,914</u> | <u>£ 873,832</u> | <u>£ 4,444</u> | <u>£ 907,190</u> |
| At 31 December 2002 | <u>£ 28,914</u> | <u>£ 874,606</u> | <u>£ 16,720</u> | <u>£ 920,240</u> |

AGRESERVES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003**

7. FIXED ASSET INVESTMENTS

| | Shares in group under- takings | Listed invest- ments | Total |
|--|---|----------------------------|--------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2003 and 31 December 2003 | £ 6,923,498 | £ 5,176 | £ 6,928,674 |

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| | |
|-------------------------------------|------|
| Hallsworth (Farmland Trust) Limited | 100% |
| Farmspeed (Southery Anchor) Limited | 100% |

The aggregate of the share capital and reserves as at 31 December 2003 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves | Profit/(loss) |
|-------------------------------------|---|---------------|
| | £ | £ |
| Hallsworth (Farmland Trust) Limited | 3,477,990 | - |
| Farmspeed (Southery Anchor) Limited | 2,299,071 | - |

Listed investments

The market value of the listed investments at 31 December 2003 was £14,595 (2002 £11,422).

8. STOCKS

| | 2003 | 2002 |
|----------------|--------------------|--------------------|
| | £ | £ |
| Cultivations | 695,428 | 510,429 |
| Crops in store | 772,974 | 953,258 |
| | <hr/> | <hr/> |
| | £ 1,468,402 | £ 1,463,687 |
| | <hr/> | <hr/> |

9. DEBTORS

| | 2003 | 2002 |
|------------------------------------|--------------------|--------------------|
| | £ | £ |
| Due within one year | | |
| Trade debtors | 904,600 | 568,738 |
| Amounts owed by group undertakings | 1,739,556 | 2,099,216 |
| Other debtors | 67,823 | 89,175 |
| | <hr/> | <hr/> |
| | £ 2,711,979 | £ 2,757,129 |
| | <hr/> | <hr/> |

AGRESERVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

10. CREDITORS:

Amounts falling due within one year

| | 2003 | 2002 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Bank loans and overdrafts | 101,832 | 116,237 |
| Trade creditors | 19,838 | 35,587 |
| Amounts owed to group undertakings | 2,247,976 | 2,293,561 |
| Other creditors | 130,510 | 114,319 |
| Accruals and deferred income | 286,564 | 303,350 |
| | £ 2,786,720 | £ 2,863,054 |

A composite guarantee dated 27 March 1998 is in place for indebtedness between AgReserves Limited and its two subsidiary companies, Hallsworth (Farmland Trust) Limited and Farmspeed (Southery Anchor) Limited.

11. SHARE CAPITAL

| | 2003 | 2002 |
|---|-------------|-------------|
| | £ | £ |
| Authorised | | |
| 10,000,000 Ordinary shares of £1 each | £10,000,000 | £10,000,000 |
| Allotted, called up and fully paid | | |
| 4,100,000 Ordinary shares of £1 each | £ 4,100,000 | £ 4,100,000 |

12. RESERVES

| Profit and loss account | £ |
|--------------------------------|-------------|
| At 1 January 2003 | (242,476) |
| Profit retained for the year | 22,547 |
| | £ (219,929) |
| At 31 December 2003 | |

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2003 | 2002 |
|-------------------------------|-------------|-------------|
| | £ | £ |
| Profit for the year | 22,547 | 14,439 |
| Shares issued during the year | - | 3,100,000 |
| | 22,547 | 3,114,439 |
| Opening shareholders' funds | 9,207,524 | 6,093,085 |
| Closing shareholders' funds | £ 9,230,071 | £ 9,207,524 |

AGRESERVES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003**

14. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2003 £ | 2002 £ |
|---|------------------|----------------------|
| Operating profit | 302,053 | 65,474 |
| Depreciation of tangible fixed assets | 223,431 | 243,987 |
| (Profit)/loss on disposal of tangible fixed assets | (21,825) | 8,249 |
| Increase in stocks | (4,715) | (10,180) |
| (Increase)/decrease in debtors | (314,511) | 144,482 |
| Decrease/(increase) in amounts owed by group undertakings | 359,660 | (1,942,150) |
| (Decrease)/increase in creditors | (16,342) | 15,547 |
| Decrease in amounts owed to group undertakings | (45,586) | (1,449,895) |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS | £ 482,165 | £ (2,924,486) |

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2003 £ | 2002 £ |
|---|--------------------|--------------------|
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | |
| Interest received | <u>£ 32,988</u> | <u>£ 19,302</u> |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | |
| Purchase of tangible fixed assets | (334,056) | (281,150) |
| Sale of tangible fixed assets | 145,500 | 247,965 |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE | £ (188,556) | £ (33,185) |
| FINANCING | | |
| Issue of ordinary shares | <u>£ -</u> | <u>£ 3,100,000</u> |

AGRESERVES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003**

16. ANALYSIS OF CHANGES IN NET DEBT

| | 1 January 2003 | Cash flow | 31 December 2003 |
|---------------------------|------------------------|---------------------|------------------------|
| | £ | £ | £ |
| Cash at bank and in hand: | 848 | (302) | 546 |
| Bank overdraft | (116,237) | 14,405 | (101,832) |
| NET DEBT | £ (115,389) | £ 14,103 | £ (101,286) |

17. CAPITAL COMMITMENTS

At 31 December 2003 the company had capital commitments as follows:

| | 2003 | 2002 |
|---|------|------|
| | £ | £ |
| Contracted for but not provided in these financial statements | £ - | £ - |

18. PENSION COMMITMENTS

The pension charge for the period was £22,824 (2003 £31,403). The company operates a defined benefit pension scheme. However, the scheme is a multiple employer scheme and the company is unable to identify its share of the underlying assets and liabilities. As at 31 December 2003, the valuation showed that the market value of the plan's assets was £14,100,000, although after deducting the actuarial value of liabilities, there is a deficit on the scheme of £7,380,000. The assumptions having the most significant effect on the valuation results were that investment returns would be 7% and that pensionable earnings increases would average 4.3%.

19. OPERATING LEASE COMMITMENTS

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

| Expiry date: | Land and buildings | | Other | |
|---------------------|---------------------------|---------|--------------|------|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| Within 1 year | 392,226 | 301,226 | - | - |

AGRESERVES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003**

20. RELATED PARTY TRANSACTIONS

During the normal courses of business, the company carried out arm length transactions with various related parties as follows :

- a) The Church of Jesus Christ of Latter-Day Saints (Welfare) Limited which, under the name of England Farm Properties, is the company's landlord

| | 2003 | 2002 |
|---------------------------------------|------------------|------------------|
| | £ | £ |
| Charitable covenant payable | 316,189 | 84,776 |
| Rent payable | 300,591 | 301,226 |
| Debtor balance as at 31 December 2003 | <u>1,671,247</u> | <u>1,990,433</u> |

- b) Hallsworth (Farmland Trust) Limited, a 100% subsidiary of the company;

| | 2003 | 2002 |
|---|------------------|------------------|
| | £ | £ |
| Management fees receivable | 62,072 | 77,440 |
| Creditor balance as at 31 December 2003 | <u>(502,260)</u> | <u>(476,882)</u> |

- c) Farmspeed (Southery Anchor) Limited, a 100% subsidiary of the company;

| | 2003 | 2002 |
|---|--------------------|--------------------|
| | £ | £ |
| Management fees receivable | 65,818 | 69,288 |
| Creditor balance as at 31 December 2003 | <u>(1,703,042)</u> | <u>(1,707,955)</u> |

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate joint parent undertakings are the Corporation of the President of the Church of Jesus Christ of the Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations incorporated in the State of Utah.